

# **Exhibit 1**

*State of California ex. rel. Ven-A-Care of the Florida Keys, Inc. v.  
Abbott Laboratories, Inc., et al.*

Exhibit to Plaintiffs' Request for Judicial Notice in Support of Plaintiffs'  
Opposition to Defendants' Joint Motion for Partial Summary Judgment

Senate Bill No. 393

CHAPTER 946

An act to add and repeal Article 24 (commencing with Section 4425) of Chapter 9 of Division 1 of the Business and Professions Code, relating to prescription drugs.

[Approved by Governor October 10, 1999. Filed  
with Secretary of State October 10, 1999.]

LEGISLATIVE COUNSEL'S DIGEST

SB 393, Speier. Pharmacies: prescription benefits: Medicare beneficiaries.

Existing law provides for the Medi-Cal program, administered by the State Department of Health Services, under which qualified low-income persons are provided with health care services, including prescription benefits. Under existing law, the department pays participating pharmacists a discounted price for drugs on the Medi-Cal drug formulary. Existing law separately regulates the operation of pharmacies.

This bill would authorize payment of a price not to exceed the Medi-Cal reimbursement rate for prescription medicines, and an amount to cover electronic transmission charges by Medicare beneficiaries, upon showing their Medicare card and prescription, as a condition of a pharmacy's participation in the Medi-Cal program.

The bill would also require the State Department of Health Services to conduct a study of the adequacy of Medi-Cal pharmacy reimbursement rates, including the cost of providing prescription drugs and services.

This bill would provide that these provisions are repealed as of January 1, 2003.

*The people of the State of California do enact as follows:*

SECTION 1. Article 24 (commencing with Section 4425) is added to Chapter 9 of Division 1 of the Business and Professions Code, to read:

Article 24. Prescription Rates for Medicare Beneficiaries

4425. (a) As a condition of a pharmacy's participation in the Medi-Cal program pursuant to Chapter 7 (commencing with Section 14000) of Division 9 of the Welfare and Institutions Code, the pharmacy, upon presentation of a valid prescription for the patient and the patient's Medicare card, shall charge Medicare beneficiaries

a price that does not exceed the Medi-Cal reimbursement rate for prescription medicines, and an amount, as set by the State Department of Health Services to cover electronic transmission charges. However, Medicare beneficiaries shall not be allowed to use the Medi-Cal reimbursement rate for over-the-counter medications or compounded prescriptions.

(b) The State Department of Health Services shall provide a mechanism to calculate and transmit the price to the pharmacy, but shall not apply the Medi-Cal drug utilization review process for purposes of this section.

(c) The State Department of Health Services shall monitor pharmacy participation with the requirements of subdivision (a) and report to the Legislature annually on that participation. The report shall include, but shall not be limited to, information on any pharmacies that discontinue participation in the Medi-Cal program, and the reasons given for the discontinuance.

(d) If prescription drugs are added to the scope of benefits available under the federal Medicare program, the Senate Office of Research shall report that fact to the appropriate committees of the Legislature. It is the intent of the Legislature to evaluate the need to continue the implementation of this article under those circumstances.

4426. The State Department of Health Services shall conduct a study of the adequacy of Medi-Cal pharmacy reimbursement rates including the cost of providing prescription drugs and services.

4427. This article shall remain in effect only until January 1, 2003, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2003, deletes or extends that date.